



THE NEW EU BUDGET: MORE ACCESS TO MIGRATION AND INTEGRATION FUNDING FOR CITIES OR A MISSED OPPORTUNITY?



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The New EU Budget: More access to migration and integration funding for cities or a missed opportunity?

EXECUTIVE SUMMARY

Municipalities in Europe are bearing direct responsibility in migrant and refugee reception and integration. Yet, they are notoriously short on funding and continue to be precluded from most EU decisions on asylum and migration policy. This policy brief sheds light on the complexities, burdens, and prospects of access to EU funding for municipalities for reception and integration costs. We provide an overview of different EU funding mechanisms in the field, the basic modes of operation of the funds and the contentious debates surrounding the current 2021-2027 EU budget. Given the ongoing deficiencies regarding municipalities' access to and involvement in the programming of funds, we make the following recommendations:

► **01 INCREASE INVOLVEMENT OF LOCAL AND REGIONAL AUTHORITIES**

on all level of funding programming (member states and European Commission). Only this can ensure better adaption to municipalities' needs.

► **02 INTRODUCE A MONITORING MECHANISM FOR THE PARTNERSHIP PRINCIPLE.**

This would create transparency regarding involvement of local and regional authorities and enable re-evaluation of the implementation of the partnership principle.

► **03 ALIGN TIMELINES OF DIFFERENT EU FUNDS**

and increase transparency regarding programming procedures and calls to enhance complementarity.

► **04 MAKE USE OF THE RESETTLEMENT AND RELOCATION FUNDS**

in the 2021-2027 Asylum, Migration and Integration Fund (AMIF) and forward the funding to receiving municipalities.

► **05 MEDIUM-TERM: INTRODUCE A DIRECTLY MANAGED INTEGRATION AND DEVELOPMENT FUND,**

which pairs funding for voluntary reception in municipalities with resources for municipal development.



1. INTRODUCTION

Municipalities handle the lions share when it comes to migrant and refugee reception. They are responsible for providing housing, integration into local labor markets and social services such as health care, childcare, and education. Yet, when it comes to the question of shaping migration and refugee policies, they mostly lack a seat at the table. Nevertheless, many municipalities across Europe have declared they are ready to welcome migrants and refugees and have shown their willingness to participate in relocation⁰¹ efforts from countries of first arrival. Although municipalities lack the regulatory powers to directly participate in relocation programs, their willingness to receive and include refugees could be used to overcome the blockade at the European level, if their national governments allow them to do so, and if the European Union would provide them with adequate funding.

One way to support municipal voluntary reception is by setting up an independent “Integration and Development Fund”⁰² through which municipalities would receive reimbursements for the reception costs and the same amount for their own municipal development. Such an innovative combination of integration and municipal development measures would adequately equip local authorities with funding and turn the reception of refugees from a financial burden into an opportunity for sustainable development. In the current EU budget setting up such an independent fund still faces some obstacles and would require a change in primary law, as it would abandon the pillarized approach to migrant and refugee integration and instead fund integration projects for the whole local community.⁰³ Still, there are possibilities within the current funding structure to strengthen municipalities’ reception and integration capacities. This policy brief gives an overview of the state of the debate on the EU budget and the funds which could be used by local authorities to fund migrant and refugee reception and integration. It will not provide an exhaustive exploration of funds but rather deliver an entry point into the complex structure of EU funds that can be helpful to local and regional authorities. Following the exploration of the different funds, this brief concludes with several recommendations suitable to improve municipalities direct access to EU funding.

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Relocation refers to the transfer of persons in need of international protection from one EU member state to another.

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See → www.governance-platform.org/en/msi/midi/european-fund/

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This is the result of a legal opinion commissioned by Friedrich Ebert Stiftung Brussels based on the concept of HUMBOLDT-VIADRINA Governance Platform. Available under → www.governance-platform.org/en/documents/legal-opinion-fund/





2. MUNICIPALITIES' ACCESS TO FUNDING IN THE NEW EU-BUDGET

The important strategic role of municipalities and local authorities in refugee integration and reception is recognized internationally by the → **Global Compact on Refugees**. On the European Union level, the current *EU plan on Integration and Inclusion 2021-2027* stresses the importance of involving all levels of governance in designing and implementing respective programs. It specifically acknowledges, that “local and regional authorities play a crucial role in the integration process but often lack resources to put in place integration measures (...)”.⁰⁴ Furthermore, it recognizes that municipalities “have difficulties in accessing EU funding” and proposes better information flow to and stronger involvement of local authorities.⁰⁵ Previous EU Council decisions, too, have recognized the crucial role of local authorities in the entire integration process and have therefore called for a strong involvement of municipalities.⁰⁶ Most of the funding does not support long-term measures but is rather ad-hoc and project based. And while the role of municipalities and regional authorities in EU funding has been strengthened with regard to integration measures, their role as first responders in emergency situations and their willingness to partake in migrant and refugee admission has been largely overlooked.

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2.1 HOW ARE EU FUNDS BEING ADMINISTRATED?

Central to the struggle of municipalities to access EU funding is the limited availability of funds in direct management. **DIRECT MANAGEMENT**, in contrast to indirect management and shared management, refers to funds that are coordinated directly by the Commission. Cities and municipalities, but also civil society initiatives can directly apply to calls that the Commission (or EU executive agencies) publish, thereby making resources more directly accessible. With **INDIRECT MANAGEMENT**, the Commission delegates handling of funds to external entities, which can be international organizations, decentralized EU agencies, but also public-private partnerships. However, the big bulk of EU funding is under **SHARED MANAGEMENT**. There, Commission and member states collectively develop priorities and programs but only member states are responsible for allocating the funds. This results in the primacy of national priorities in the design of funding instruments.

▶ **04**
“Action Plan on Integration and Inclusion 2021-2027”, p. 18. Available under → ec.europa.eu/home-affairs/system/files_en?file=2020-11/action_plan_on_integration_and_inclusion_2021-2027.pdf

▶ **05**
Ibid

▶ **06**
“Conclusions of the Council and the Representatives of the Governments of the Member States on the integration of third-country nationals legally residing in the EU”, December 2016. Available under → data.consilium.europa.eu/doc/document/ST-15312-2016-INIT/en/pdf





2.2. RECENT DEBATES AROUND THE EU BUDGET AND MUNICIPALITIES' ACCESS

Member states handling of EU funds in shared management was also the focus of contentious debates around the new EU budget, the Multiannual Financial Framework (MFF) 2021-2027 and its additional Next Generation EU (NGEU) 2021-2023 pandemic recovery budget. Approval of both budget lines was hampered by allegations of the misuse of EU funds and general deterioration of the rule of law in some member states. Subsequently, a conditionality mechanism was introduced that allows to withhold funding in case of rule of law breaches. As the Commission still does not act despite ongoing rule of law issues in Poland, among others, the European Parliament started to sue the Commission in October 2021 because of its alleged “failure to act”.⁰⁷

Despite these general disputes over EU funding in some member states, municipalities access to EU funding is characterized by specific challenges: In some instances, EU funding is withheld by not publishing the corresponding calls for tenders, in others the timing of the calls is unclear and application procedures are so complex that smaller municipalities are often unable to apply. Cities and municipalities' lacking access to EU funds in countries where national governments withhold EU funding (often corresponding with rule of law problems) has added importance to the demand for an increase of direct management of funds and a larger influence of local authorities on EU funding mechanisms. In the midst of the negotiations around the new EU budget (*Multiannual Framework 2021-2027 (MFF)*), the European Council on Refugees and Exiles (ECRE) called for an upscaling of adequate direct funding for local inclusion activities.⁰⁸ Also in other policy areas like climate policy and the EU Covid-19 recovery fund, mayors and city networks have called for a stronger involvement of cities and municipalities in devising adequate funding mechanisms.⁰⁹ However, recent survey results illustrate that the majority of European cities has been insufficiently involved in designing National Recovery and Resilience Plans and also fear to be refused significant influence in the implementation period.¹⁰ Thus, in the new MFF 2021-2027 the lack of cities and municipalities' substantial representation continues.

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European Parliament sues Commission for failing to hold members accountable over rule of law“. Euronews. 29.10.2021. Available under → www.euronews.com/2021/10/29/european-parliament-sues-commission-for-failing-to-hold-members-accountable-over-rule-of-l

► 08

See → www.ecre.org/wp-content/uploads/2018/12/Comments-on-ESF.pdf

► 09

See → www.berlin.de/rbmskz1/aktuelles/pressemitteilungen/2020/pressemitteilung.894534.php and → eurocities.eu/latest/no-recovery-without-cities/

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“Briefing note on the involvement of cities in the governance of National Recovery and Resilience Plans (NRRPs)“. Eurocities. September 2021. → eurocities.eu/wp-content/uploads/2021/10/Eurocities_Briefing2_NRRPs.pdf





3. WHAT MIGRATION AND INTEGRATION FUNDING TOOLS ARE AVAILABLE FOR CITIES AND MUNICIPALITIES IN THE NEW EU BUDGET?

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Resettlement refers to the transfer of persons with an UNHCR acknowledged refugee status from one country to another, in this case to an EU member state.

Similar to other policy fields, only little direct access to EU funding is available in the field of asylum, migration, and integration policy. We first present the funding lines that provide direct access at least to some degree and then proceed to the ones under shared management. For the latter we point towards positive developments that make it easier for cities and municipalities to access and use these funds.

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See → ec.europa.eu/home-affairs/funding/asylum-migration-and-integration-funds/asylum-migration-and-integration-fund-2021-2027_en

The most important funding line for refugee reception and integration is the → **ASYLUM, MIGRATION AND INTEGRATION FUND (SHORT AMIF)**, which was adopted in July 2021. While roughly two thirds (6.2 Billion Euro) of the fund will be allocated to the programs of member states, hence in shared management, a total of 3.6 Billion Euro is dedicated to a “thematic facility”. Among other aspects, it will be used for specific actions in line with the unions priorities as well as resettlement¹¹ and humanitarian admission. The thematic facility also provides emergency assistance in exceptional migratory situations and explicitly names funding for voluntary

The ASYLUM, MIGRATION AND INTEGRATION FUND (AMIF)

covers a variety of different aspects within its thematic boundaries. It covers costs for asylum, integration and inclusion measures on all stages of the process, from expenditures within the camps on Greek islands to relocation costs and further integration projects in the receiving communities. It is explicitly meant to also enable more solidarity between member states in handling asylum processes. All aspects of the Common European Asylum System are being covered and legal migration pathways are to be supported. However, with the new 2021-2027 plan, AMIF places a higher emphasize also on preventing (irregular) migration, including border measures, external interventions of migration policy and return management.

During the EU budget negotiations, it was discussed to exclude the integration part from the AMIF, so that the future fund would have only covered short term assistance. This development was prevented, even though long-term measures are meant to be funded through other programs.

reception as a possible measure (Art. 31 AMIF). Resettlement and relocation programs will be in shared management by the Commission¹² and member states, while the majority of the thematic facility will be directly or indirectly managed by the Commission. In earlier drafts of the AMIF, the European Parliament has insisted on attributing direct funding to local and regional authorities. The final AMIF therefore earmarks at least 5%, about 180 Million Euro, of the directly managed thematic facility for local and regional integration activities.¹³ Moreover, integration activities are supported by a higher EU co-financing rate of 90% instead of the usual 75%.

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See Asylum, Migration and Integration Fund (AMIF), Article 11/9. Available under → eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0516





During the 2014–2020 funding phase the **URBAN INNOVATIVE ACTION INITIATIVE** was one of the rare program lines where cities could directly apply for European Union Funding. It was the only direct management component of the European Regional Development Fund (ERDF), which is generally under shared management. While the ERDF is the EU's tool for economic, social, and territorial cohesion, the initiative was specifically funding innovative and novel approaches in a variety of urban policy areas including integration related projects. The scope of the program was, however, restricted to projects that needed not only to be innovative and novel but implemented immediately. Exchange of best practice, concept development or feasibility studies were therefore not eligible. Moreover, only cities with a minimum of 50 000 inhabitants could participate.

Under the new ERDF 2021–2027, the Urban Innovative Action Program will be incorporated into the new **EUROPEAN URBAN INITIATIVE (EUI)**.¹⁴ The EUI will receive 450 million Euro and the Commission has proposed indirect management and closer involvement of cities in the governance structure of the program.¹⁵ Comparable to the previous Urban Innovative Action Initiative, it will fund innovative actions in cities and this time also includes capacity building and concept development. In contrast to the funds for rural/urban development, which are managed by member states, the EUI will allow cities to directly apply for EU funding.

→ **ERASMUS+** and the → **CITIZENS, EQUALITY, RIGHTS AND VALUES PROGRAMME (CERV)** are also directly managed by the Commission. Both programmes are coordinated by the European Education and Culture Executive Agency and regularly publish calls, to which also local and regional authorities can apply. However, both funds only peripherally touch on integration and asylum related topics and will therefore just in a few instances be useful for municipalities' efforts on these matters.

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▶ **14**
Commission Implementing Decision (EU) 2021/1131 of July 2021. Available under → eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3A0J.L_.2021.244.01.0021.01.ENG&toc=0J%3AL%3A2021%3A244%3ATOC

▶ **15**
Explanatory Memo: European Urban Initiative– Post 2021. European Commission – DG Regio. Available under → ec.europa.eu/regional_policy/sources/docgener/brochure/explanatory_memo_eui_post_2020_en.pdf

▶ **16**
“Partnership in practice: the role of civil society in EU funded actions for the inclusion of migrants and refugees.” Platform for International Cooperation on undocumented migrants (PICUM) and European Council on Refugees and Exiles (ECRE). 2020. p. 4. Available under → ecre.org/wp-content/uploads/2020/04/PICECR-partnership.pdf

▶ **17**
See → ec.europa.eu/regional_policy/en/policy/what/glossary/e/european-code-of-conduct

Medium- and long-term integration activities will primarily be funded through the → **EUROPEAN SOCIAL FUND PLUS (ESF+)**, which is under shared management by member states. The ESF+ is tasked with addressing issues such as social inequality, poverty and unemployment and pays special attention to disadvantaged groups, which includes refugees and other third-country nationals. While one objective – social inclusion –, which covers 25% of the total ESF+ expenditures, explicitly targets migrants and other third-country nationals, the manifold challenges they experience are expected to be mainstreamed throughout the different programs of the ESF. Just the small Employment and Social Innovation (EaSI) strand is directly managed by the EU.

Under the new budget it will be easier to combine resources from different funds. The **COMMON PROVISIONS REGULATION (CPR)**, which is an over-arching legislation defining rules and criteria for EU funds, also applies to the AMIF and aims to strengthen the complementarity of different funds. It entails the partnership principle (Article 8), which mandates member states to consult with local and regional authorities as well as civil society while designing and implementing funds. Following demands from NGO's, the CPR 2021–2027 incorporates the European Code of Conduct on Partnership (ECCP) from the previous funding period.¹⁶ The Code of Conduct on Partnership is a legally binding regulation requiring member states to include stakeholders which was previously only applicable to cohesion funds but is now targeting all funds under the CPR.¹⁷ The most important question however is how the application of the partnership principle will be monitored and enforced, a question that remains unresolved.





4. WHAT CAN(NOT) BE ACHIEVED WITHIN THE CURRENT EU BUDGET?

Although the EU promised a simplified and more complementary funding structure for the new multiannual framework, uncertainty about the details of the mentioned funding schemes remains high. Even though the MFF 2021-2027 technically is active since the beginning of 2021, no calls have been published for either AMIF nor EUI in the new budget period (as of early November 2021). For all mentioned funding lines, programming is yet to be finalized and easier and simpler access is jeopardized by unclear timelines for when calls will be published. This puts an additional burden on local and regional authorities as well as civil society organizations as they cannot plan ahead and only have very limited response times between the calls and the application deadlines.¹⁸

The partnership principle calls for participation of local and civil society stakeholders in all stages of the planning, implementation, and monitoring of projects. However, how stakeholders are concretely involved by the European Commission and how the partnership principle in national programs will be monitored and implemented remains uncertain. There has been no official call from the Commission for consultation of local authorities, nor is publicly accessible information available on whom to contact should local/regional actors want to influence the programming phase. Local and regional authorities without established networks on national and EU level remain excluded from contributing to the programming of the funds. Moreover, the Commission points towards member states as the ones responsible for implementing the partnership principle and involving local and civil society actors at the national level, even though some of these member states face rule of law challenges in respect to the distribution of EU funding and the involvement of stakeholders.

In addition, the complexity of the various EU funds also complicates the complementarity of funds aimed for in the Common Provisions Regulation. While according to the CPR, a combination of different EU funds is possible, in practice it remains highly difficult. For example, in AMIF applications, the formation of a consortium of different applicants is a prerequisite. However, given the unclear timelines and the resulting spontaneity of calls, this constitutes an additional burden for applicants. The general complexity of calls and application procedures does its share in impeding municipalities' access to EU funding.

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Also see "Money Wise. Improving how EU funds support migration and integration related policy objectives". Policy Brief MPI Brussels, Issue 13. Authors: Hanne Beirens and Aliyyah Ahad. March 2019. Available under www.migrationpolicy.org/research/eu-funds-migration-integration-policy-objectives

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It is to be noted, however, that the Commission is making some efforts to enhance transparency and access, for example with the *Toolkit on the use of EU funds for the integration of people with a migrant background*. An updated version of the helpful guideline is supposed to be published before the end of 2021.¹⁹ Also the **→ URBAN AGENDA PARTNERSHIP ON INCLUSION OF MIGRANTS AND REFUGEES**, a collaboration of the Commission, cities, the European Central Bank and other actors, aims to enhance municipalities access to EU funding. The new action plan formulates one goal regarding EU funding, namely action 6 “Expanding the use of financial instruments for inclusion by cities”. The focus is on how to make better use of existing funds. The action is, however, still in its first year and results are expected at the end of 2022.

Ultimately, and as the previous chapter has illustrated, there still exists little direct funding tools for municipalities for reception and integration related costs. To what extent (and at what administrative costs) municipalities will be able to apply for direct funding still depends on the final adoption of the programming of the funds. Yet, it is already clear that the direct management part of the AMIF, the European Urban Initiative and the few other directly available funds will not be able to foster a holistic municipal approach to the reception and integration of migrants and refugees. Adequate support for refugee and migrant welcoming municipalities would require a specific fund that is directly targeted at supporting voluntary reception. To this end, we suggest the introduction of an integrated Integration and Development Fund, which would combine funding for integration related tasks with more general tasks of municipal development (see Box 2 for more detail). However, the current pillarized

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INTEGRATION AND DEVELOPMENT FUND

Municipalities that are willing to take in refugees should be strengthened with more funding opportunities directly managed by the EU. An Integration and Development Fund would fund both the costs of reception and integration and a correspondent amount for more general municipal development. Municipalities that want to take on more responsibility would thus have the financial means to do so. In addition, cities and municipalities could benefit from it also economically, culturally, or with respect to infrastructure. Reception of refugees would be turned from a burden into an opportunity for the development of the entire community. Within the European Union, this could trigger a positive dynamic. As soon as some cities set a good example and show that the whole community – residents and newcomers – benefits from the voluntary reception of refugees, other cities are more likely to follow.

In early 2021, The Friedrich Ebert Foundation Brussels has commissioned a legal opinion on our concept of the Integration and Development Fund. The legal opinion assesses the possibility of introducing such a fund within the current EU funding structure and identifies a number of possibilities and challenges. The document can be downloaded from our Website.

approach to either asylum/integration and or cohesion funds hinders a substantial combination of these funds for the time being. However, the new inclusion of AMIF in the CPR indicates a first step alleviate this problem and raises hopes that the effective complementarity of funds will be possible in the future.

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The toolkit will be published on the website of the Commissions Directorate General for Regional and Urban Policy (DG REGIO): [→ ec.europa.eu/regional_policy/en/](https://ec.europa.eu/regional_policy/en/).





5. RECOMMENDATIONS: WHAT NEEDS TO CHANGE & WHAT SHOULD BE DONE NOW

Municipalities all over Europe are open to receive more migrants and refugees but are structurally hampered to do so. One central action to support the reception and integration of migrants and refugees by municipalities is to enhance their access to direct EU funds. As discussed in section 3, some EU funds, in particular the thematic facility of AMIF and the European Urban Initiative, will allow municipalities to directly access funding. Local and regional authorities should follow upcoming calls closely and keep the complementarity of funds in mind when planning their activities. At this point, however, member states and EU institutions are tasked with improving the access and involvement of municipalities to and in EU funding programming. Recommendations to improve EU funding for reception and integration for municipalities:

► **01 LOCAL AND REGIONAL AUTHORITIES SHOULD BE INVOLVED** in the designing and implementation process of EU funds, both on the member state and the EU level. The **PARTNERSHIP PRINCIPLE** mandating cooperation must be implemented by member states as well as the Commission in programming the thematic facility of AMIF. Cities and municipalities as well as city-networks should sustain their pressure on national and EU institutions demanding adequate involvement.

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► **02** Given the limited transparency regarding local and regional involvement in designing EU funds, **A MONITORING MECHANISM** should be introduced **FOR THE PARTNERSHIP PRINCIPLE**. Involvement of local and regional authorities as well as civil society actors should be transparently documented, and the implementation of the partnership principle constantly adjusted if necessary.

► **03** Complementarity of funds should be simplified by **ALIGNING TIMELINES** of different EU funds. Programming (and respective consultation) as well as publication of calls should be coordinated better by the responsible Directorate Generals of the European Commission. Procedures should be made more transparent to enable local and regional authorities to deliver input when necessary.

► **04** The possibilities of **FUNDING FOR RESETTLEMENT AND (VOLUNTARY) RELOCATION** established in the AMIF 2021-2027 should be used and passed on directly to the receiving municipalities. Member states in agreement with municipalities could decide to relocate asylum seekers from the EU external borders, apply for the funds from the AMIF and forward them directly to the receiving municipalities

► **05** Medium-term: Introduce a directly managed **INTEGRATION AND DEVELOPMENT FUND**, which pairs funding for voluntary reception in municipalities with resources for municipal development. This will require adjustment to the current pillarized EU funding structure.



HUMBOLDT-VIADRINA GOVERNANCE PLATFORM (HVGP)

The HUMBOLDT-VIADRINA Governance Platform (HVGP) promotes democratic processes and thought-through governance strategies in Germany, Europe and worldwide. The cornerstone for us is to strengthen the legitimacy and sustainability of democratic procedures and decisions to contribute to finding solutions for societal challenges. Based on this conviction we develop governance concepts and projects for sustainable solutions that are guided towards the common good and include as many perspectives as possible.

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MUNICIPAL INTEGRATION AND DEVELOPMENT INITIATIVE (MIDI)

The Municipal Integration and Development Initiative (MIDI) within HVGP works on matters of migration governance and municipal development. We develop solutions and concepts for a decentralized and participatory European asylum and migration policy. Among others, we participate in the transnational civil society network “From the Sea to the City” and cooperate with a variety of cities and municipalities.

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